



The Commonwealth of Massachusetts  
Office of the Comptroller  
One Ashburton Place, Room 901  
Boston, Massachusetts 02108

**MARTIN J. BENISON**  
**COMPTROLLER**

PHONE (617) 727-5000  
FAX (617) 727-2163  
[www.mass.gov/osc](http://www.mass.gov/osc)

**MMARS Policy: Payroll**

**Issue Date: July 1, 2004**

**Date Last Revised: November 1, 2006**

## **Unemployment Insurance and Payroll Tax Chargebacks: Unemployment Insurance Reporting/Universal Health**

### **Executive Summary**

#### **Unemployment Insurance (UI)**

Unemployment Insurance (UI) coverage for Commonwealth employees is governed by Chapter 151A, Section 14C of the Massachusetts General Laws. The Director of the Division of Employment and Training, in conjunction with the U.S. Department of Labor, is authorized to establish an Unemployment Insurance Rate and provide guidelines to employers.

### **Considerations**

This policy applies to all Commonwealth Branches and Departments.

### **Policy**

The Office of the Comptroller prepares a quarterly Unemployment Insurance Report and pays UI premiums to the Division of Employment and Training on behalf of Commonwealth Departments.

Departments are responsible for ensuring that employees are properly classified in the payroll system as subject to UI or not subject to contributions.

All employees, both state and contract, are included in the Unemployment Insurance pool. Unless otherwise specified in general or special laws, all wages paid, up to the defined limit, to an employee for services rendered from January 1<sup>st</sup> to December 31<sup>st</sup> of any tax year are subject to unemployment taxes.

Wages paid for the following services are excluded from UI contributions:

- Wages paid to elected officials
- Wages paid to judges of the Commonwealth
- Wages paid to clients
- Wages paid to the National Guard

- Wages paid to students who work and attend classes in the same school
- Wages paid to student nurses in the employ of a hospital or school
- Wages paid to interns and research assistants (e.g. judicial clerkships, medical residencies)
- Wages paid to service agricultural laborers
- Wages paid to workers in a private, local college club or local chapter of a college fraternity or sorority
- Wages paid to independent contractors

At the end of each quarter, the HR/CMS payroll system will provide Unemployment Insurance information to the Payroll Unit at the Office of the Comptroller and the UI Administration Division at the Division of Employment and Training via Information Warehouse reporting.

### **Universal Health Insurance (UHI)**

Universal Health Insurance (UHI) contributions are governed by Chapter 151A, Section 14G of the Massachusetts General Laws. The UHI contribution rate is determined by the Director of the Division of Employment and Training. All employees, both state and contract, contribute to Universal Health Insurance. Unless otherwise specified in general or special laws, all wages paid, up to defined limit, to an employee for services rendered from January 1<sup>st</sup> to December 31<sup>st</sup> of any tax year is subject to Universal Health Insurance contribution.

Wages paid for the following services are excluded from UI contributions:

- Wages paid to elected officials
- Wages paid to judges of the Commonwealth
- Wages paid to clients
- Wages paid to the National Guard
- Wages paid to students who work and attend classes in the same school
- Wages paid to student nurses in the employ of a hospital or school
- Wages paid to interns and research assistants (e.g. judicial clerkships, medical residencies)
- Wages paid to service agricultural laborers
- Wages paid to workers in a private, local college club, or local chapter of a college fraternity or sorority
- Wages paid to independent contractors

The Office of the Comptroller is responsible for preparing a quarterly UHI report and for sending the contribution to the Division of Employment and Training on behalf of Commonwealth Departments.

At the end of each quarter, HR/CMS will provide Universal Health Insurance reports to the Payroll Unit at the Office of the Comptroller.

### **Chargebacks**

To fulfill its obligation to pay Unemployment Insurance and Universal Health premiums on behalf of Commonwealth employees, the Office of the Comptroller processes a biweekly chargeback for each state Department. UI and UHI contributions are transferred from each Department's payroll account to the Comptroller's UI and UHI account. The Comptroller's office uses this account to pay the UI and UHI contributions due to the Division of Employment and Training (DET).

### **Internal Controls**

None

### **Information Sources**

- Related Procedure – None
- Legal Authority
  - 801 CMR 6.00
  - Massachusetts General Laws, Chapter 7A, Sections 3, 7 and 8
  - Massachusetts General Laws, Chapter 151A, Section 14C
  - Massachusetts General Laws, Chapter 151A, Section 14G
- Attachments - None
- Links - None
- [Contacts – MMARS Helpline](#)
  
- **November 1, 2006** – Removed language referencing Knowledge Center and updated relevant links to Mass.gov/osc portal site.